

Price Spread of Cotton in the Tirupur Area

by

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Tirupur in Coimbatore district is a very important assembling centre for cotton. Mainly Cambodia and Karunganni are the two varieties marketed in this place. There are 26 ginning factories at Tirupur and nearly 32 kapas commission merchants housed within the regulated market at Tirupur market the bulk of the arrivals. The sales through the Co-operative Sales Society and the regulated market of the Coimbatore Market Committee are negligible. Nearly 2 lakhs pothis of kapas (280 lbs a pothi) arrive annually in the Tirupur market. The busy marketing season is from March to June. Hardly within 30 miles from Tirupur is situated the Coimbatore town - the "Manchester of South India" - which bustles with industry, having 42 yarn and textile mills. Hence the cotton assembled in the Tirupur area gets ginned at Tirupur and finds a ready sale for consumption in the mills at Coimbatore. The conditions for cotton trade are thus ideal with the producing, processing and consuming centres being so nearly situated. A study of the expenses incurred in marketing the cotton and the share each sector obtains from out of the sale proceeds, in such an important cotton growing and consuming area should be of great interest to the student of economics. The details of such a study are presented herein.

The agriculturists themselves bring their cotton kapas to the assembling centre at Tirupur for sale through the commission merchants from whom they have already received loans for cultivation expenses or for household purposes. The merchants from Tirupur also send their representatives to the villages and purchase the cotton kapas at the farms. There are brokers in the villages, who aid the merchants of Tirupur, in making such purchases, by giving the information about the availability of the cotton, negotiating the price. After the price is fixed, the kapas is weighed in the villages itself, paying for the same. The bags of kapas called locally "malagu" are loaded into bullock carts or into lorries and transported to Tirupur. On an average, a distance of about 10 miles may be taken, for the conveyance of the kapas from the villages to Tirupur. At Tirupur, the malagus are unloaded from the vehicle and again weighed before stocking inside the godowns. So far as kapas is concerned, all the produce comes into the regulated market of the Coimbatore Market Committee where all the commission merchants have been provided with godowns on a rental basis. Hence all the kapas is stored and transacted inside the Tirupur regulated market only. It may be roughly computed that the cotton kapas gets sold during the season within 3 or 4 days. Within this period, there is a loss of about $\frac{1}{2}$ per cent

in weight because of dryage. The empty malagus for packing kapas when purchased cost about Re. 1—4—0 and on selling fetch only Re. 1—0—0 thereby involving a loss of Re. 0—4—0 per malagu for the use of the same.

The lint merchants or the ginning factory owners themselves purchase the cotton kapas and cart the same to the ginning factories. The merchants pay outright the prescribed ginning charges to the factory owner, which differ with the variety of cotton ginned. If the ginning factory owner himself purchases the kapas the charges involved in ginning are different. The outturn of lint to kapas varies with the variety, season and soil. As the cotton lint has to be transported to only a distance of about 30 miles to Coimbatore for consumption, the lint is not pressed but is packed loose in borahs (long stitched gunny sacks). The lint merchant takes samples of the lint and goes about from mill to mill, offering it for sale. Brokers are mostly used for effecting sales of lint to the yarn mills. When the lint is actually delivered at the mill, there is some further loss of about 1% in weight before the stuff is weighed and paid for. Thus the cotton moves on from the grower in the villages round about Tirupur to the commission merchant and the lint merchant, before finally it is purchased by the yarn mill at Coimbatore.

The expenses incurred at every stage of marketing and the portion of the consumer's rupee that it represents, is given below:—

A. Kapas Stage :	(Per pothi of 250 lb. of Cambodia Kapas).		
	Rs.	A.	P.
Price paid to the agriculturist (Village site price)	100	0	0
Brokerage and other expenses incurred in the villages	1	0	0
Weighing charges at the village	0	4	0
Loading the malagu into the cart at the village	0	2	0
Carting charges (10 miles distance) from village to Tirupur	1	0	0
Unloading and weighing charges at Tirupur	0	4	0
Loss in the value of the empty malagu for using once	0	4	0
Loss of $\frac{1}{2}$ % due to dryage	0	8	0
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Purchase price for the Tirupur Kapas merchant including expenses met, by purchasing at the place of production and bringing it to the assembling centre	103	6	0
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Note: If the agriculturist brings it himself and sells it through the commission merchants he has to incur the following expenditure.

Loss in the value of containers	0	4	0
<i>Note:</i> He has his own cart and does not spend on cartage.			
Loss due to dryage	0	8	0
Food expenses at Tirupur	1	0	0
Commission charges	2	0	0
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	3	12	0

If the agriculturist sells it through the Co-operative Sales Society he has to incur all the above charges but the commission is Re. 1—12—0 instead of Rs. 2/- and so it works out to

3 8 0

If the agriculturist sells it through the regulated market at Tirupur he need not pay any commission charge or weighing charges and so the charges are.

1 12 0

The cotton lint merchant's purchase price of Kapas at Tirupur

106 0 0 100%

Note: (a) If the kapas merchant purchases in the village and sells it he gets no commission but gains

2 10 0

(b) If the agriculturist himself markets the produce to Tirupur and sells it through a commission mundy in addition to the village site price he gains

2 4 0 2.1%

(c) If the agriculturist markets the produce through the Co-operative Sales Society besides the village site price he gains

2 8 0 2.3%

(d) If the agriculturist markets his produce through the regulated market besides the village site price he gains

4 4 0 4%

B. Kapas — Lint Stage:

(Per candy of 784 lbs. lint).

Cart hire or lorry charges for transporting the kapas from the regulated market to the ginning factory — for 9 pothis

3 0 0

Note: The cotton kapas is ginned. In the case of Cambodia cotton nearly 8½ to 9 pothis (280 lbs. pothi) of cotton kapas is required to obtain 1 candy (784 lbs.) of cotton lint and nearly 9½ to 10 pothis are required in the case of Karunganni.

Picking good kapas — per 9 pothis to get a candy	10	0	0
Ginning charges per candy of 784 lbs. Combodia lint	20	0	0

Note: In the case of Karunganni it is Rs. 2—8—0.

The labour for ginning, removing seeds and packing in borahs	1	6	0
Gin spare parts, oil and working expense	9	0	0
Total expenses	12	10	0

The ginning factory owner gets per candy a gain of	7	6	0
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Note: No pressing charges are given, as most of the cotton is sent loosely packed.

If pressed, the charges are Rs. 20/- per candy of lint.

Note: For Karunganni lint, the charge is Rs. 21/-

If the ginning factory owner himself purchases and gins, he incurs an expenditure as below :

(Per cdy. of 784 lbs).

The unloading, weighing, stocking and loading charges for Cambodia	2	4	0
Carting charges or lorry charges from the ginning mill at Tirupur to the yarn mill at Coimbatore	4	8	0
	6	0	0
Average	5	4	0
Brokerage and other incidental expenses at Coimbatore for selling the lint to the mills	5	3	0
Loss in processing at 1%	2	12	0
Total expenses per candy if the cotton merchant purchases the kapas and sells as lint	46	0	0
Cost price for the lint merchant or purchase price of kapas is Rs. 106 × 9 (pothis per candy)	954/-		
Expenses incurred	46/-		

Total 1000/-

Note: From 9 pothis of kapas, one candy of lint and 1725 lbs. of cotton seed are obtained. Cotton seed are obtained in the case of Cambodia.

The cost of cotton seed realised	172/-
The cost price for the lint merchant is	828 0 0
The selling price of the lint merchant or the purchase price of the yarn mill.	850 0 0

From the above narration and data, it is seen that the grower at the village gets 94.3% of the sale price of kapas at the assembling centre. If he markets his kapas himself at the Tirupur assembling centre (i) through a commission merchant, he realises 96.4%, (ii) through the Co-operative Sales Society, he gets 96.6% and (iii) through the regulated market, he realises the maximum of 98.3% of the sale price. It should be the objective of any regulation in trade, to afford conditions of marketing, which gives the agriculturist, the maximum share in the consumer's rupee and the establishment of the regulated market at Tirupur provides such a regulation. The Commission merchants still handle the bulk of the cotton kapas trade at Tirupur, because they advance loans to ryots which seems to be a necessity in this area.

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